REMARKS/ARGUMENTS

Favorable reconsideration of this application as presently amended and in light of the following discussion is respectfully requested.

Claims 2-19 are pending in the present application. Claims 2, 5-8, and 10-19 are amended. Claim 1 is cancelled without prejudice or disclaimer. It is respectfully submitted that no new matter is added by this amendment.

In the outstanding Office Action, the specification was objected to under 37 C.F.R §1.71. Claims 1-12 and 14-19 were rejected under 35 U.S.C. § 103(a) as unpatentable over Barber (U.S. Pat. 3,259,318 B1) and Flavin et al. (U.S. Pat 6,219,788 B1, hereinafter "Flavin"). Claim 13 was objected to as dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims.

In response to the objection to the specification, a substitute specification is submitted herewith. As requested in paragraph 1 of the outstanding Office Action mailed May 20, 2004, the substitute specification clarifies the disclosure and will allow the Examiner to make a proper comparison of the invention with the prior art. It is respectfully submitted that no new matter is added by the substitute specification.

Applicants thank the Examiner for the early indication of allowable subject matter in Claim 13. However, since Applicants believe amended Claim 2 defines over the cited art, Claim 13 is maintained in dependent form. In view of the present amendment and in light of the following comments, it is respectfully requested that the objection be withdrawn.

Applicants also thank Examiner Charles and Supervisory Examiner Poinvil for the interview granted Applicants' representatives on June 17, 2004. During the interview the outstanding rejections were discussed in detail. Further, during the interview claim amendments were discussed to clarify the claims over the applied art. More specifically, it

was discussed that the applied art fails to teach or suggest that the administrator collects an advertisement rate from an advertiser and pays an execution fee to the holder of the digital content. Examiner Poinvil also indicated that the claims could be further distinguished over the applied art by incorporating the language of Claim 2 regarding the execution key into Claim 1. Since, incorporating the execution key into Claim 1 results in Claim 2, Claim 1 has been cancelled without prejudice or disclaimer. The Examiners indicated that such claim amendments appear to clarify the claims over the applied art.

Independent Claims 2, 17, and 19 recite a digital content billing system using a network, comprising: a holder; a distributor; an advertiser; and an administrator. In an account settlement stage of the digital content billing system recited in amended Claim 2, the administrator is configured to "collect an advertisement rate from the advertiser that corresponds to the number of execution times of the digital content used by the user and pay an execution fee to the holder that corresponds to the number of execution times of the digital content." In operation, as illustrated in non-limiting illustrations Figures 6-9, the administrator bills the advertiser for advertisements seen by the user ST32, collects payments of an advertisement rate corresponding to the advertisements seen by the user ST33, and pays an execution fee to the holder for the digital content downloaded to the user ST34.

The digital content billing system as recited in amended Claim 2 allows the user to execute desired digital content without payment. Therefore, since the users are not paying for the digital content, the holder's distribution of digital content increases. The holder receives payment for the digital content from the administrator that simply collects an advertising rate from an advertiser instead of collecting an execution fee from each user which is difficult, time consuming, and resource consuming. Therefore, the digital content billing system as recited in amended Claim 2 simplifies the billing for digital content, increases reliability in

the collection of fees, and increases the distribution of digital content. With this in mind, a comparison of the claimed invention in view of the cited references is now provided.

Addressing now the rejection of Claims 1-12 and 14-19 under 35 U.S.C. § 103(a) as unpatentable over Barber and Flavin, that rejection is respectfully traversed by the present response.

Barber is directed to a method and architecture for reimbursing a merchant operating an internet server when a consumer has accessed the internet server and then accesses another internet server operated by a second merchant who has agreed to pay a referral fee.[1] More specifically, Barber discloses a method and architecture for a paying merchant to distribute payments for advertising and referrals among the other participating merchants based on a pass-on percentage when a user visits the paying merchant's website after visiting one of the other participating merchants' websites. Barber does not disclose or suggest a digital content billing system including an administrator configured to "collect an advertisement rate from the advertiser that corresponds to the number of execution times of the digital content used by the user and pay an execution fee to the holder that corresponds to the number of execution times of the digital content." In Barber, the accounting server 10 distributes referral points, i.e. payment, to other participating merchants, and is not equivalent to the administrator recited in amended Claim 2 that collects payment from an advertiser and pays the holder. Further, as stated in the outstanding Office Action on page 3, lines 15-19, Barber does not disclose or suggest a holder or a distributor. Therefore, Barber does not disclose or suggest the digital content billing system recited in amended Claim 2 which simplifies the billing of digital content, increases the reliability in the collection of fees, and increases the distribution of digital content.

[1] Barber, col. 1, lines 12-19.

Flavin is directed to a computer watchdog system that acts to ensure the just execution of agreements between a producer of content and a distributor of content, wherein a trustworthy measurement of the content received by subscribers from the distributor is required.[2] Flavin also does not disclose or suggest a digital content billing system with an administrator configured to "collect an advertisement rate from the advertiser that corresponds to the number of execution times of the digital content used by the user and pay an execution fee to the holder that corresponds to the number of execution times of the digital content," as recited in amended Claim 2. Therefore, Flavin does not cure the deficiencies as discussed above with respect to Barber. Therefore, as neither Barber nor Flavin, either alone or in combination, discloses or suggests the above feature of amended Claim 2, it is respectfully requested that the rejection be withdrawn.

Independent Claims 17 and 19 share substantially the same limitations as discussed above with respect to amended Claim1, and therefore are allowable for at least the same reasons as amended Claim 2. Likewise Claims 3-16 and 18 that depend from Claims 2 and 17 are likewise allowable.

[2] Flavin, Abstract.

As no other issues are pending in this application, it is respectfully submitted that the present application is now in condition for allowance, and it is hereby respectfully requested that this case be passed to issue.

Respectfully submitted,

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